

NYNEX Government Affairs
1300 I Street NW Suite 400 West Washington DC 20005
202-336-7911

G R Evans
Assistant Vice President
Federal Regulatory Affairs

EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL

RECEIVED

AUG - 4 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

NYNEX

August 4, 1993

EX PARTE

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

RE: CC Docket No. 93-36

Dear Mr. Caton:

Today, Mr. Frank Gumper and I, representing the NYNEX Telephone Companies, met with Mr. G. Vogt, Mr. D. Gonzalez and Ms. J. Ross-Meltzer of the Common Carrier Bureau regarding the above referenced proceeding. The NYNEX representatives discussed the points contained in the attached handout.

Sincerely,

John Cross
Attachment

cc: J. Ross-Meltzer
G. Vogt
D. Gonzalez



NYNEX Recycles

No. of Copies rec'd 041
List A B C D E

10

**TARIFF FILING REQUIREMENTS TO PROMOTE
FAIR COMPETITION AMONG
"DOMINANT" AND "NON-DOMINANT" CARRIERS**

RECEIVED

AUG - 4 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Equality and Fairness have been debated between "Dominant" and "Non-Dominant" Carriers in the Policy Division's Forbearance Proceedings...

● **NYNEX Comments in CC 93-36**

"Further Streamlining of tariff filing requirements for non-dominant carriers is not consistent with the Communications Act nor is it in the Public Interest."

● **One Day Notice Period**

- **Eliminates pre-effective tariff review.**
- **Could result in non-compliance with the Commission's rules.**
- **Is not in the Public Interest.**

Equality and Fairness have been debated between "Dominant" and "Non-Dominant" Carriers in the Policy Division's Forbearance Proceedings...

● Range of Rates and Maximum Rates

- Do not comply with the Communications Act.**
- Commission, customers and competitors are denied meaningful information on CAP prices.**
- Make it impossible for the Commission to monitor compliance with non-discrimination rules.**
- The July 7, 1993 District Court Order in AT&T v. MCI supports NYNEX's position.**

● Proposed tariff filing rules for Non-Dominant Carriers would make it difficult to ascertain violations of the Act or the Commission's rules.

● The Commission's proposed rules will exacerbate the significant regulatory inequity between the LECs and CAPs.

In the Ameritech Proceeding, NYNEX requested a further proceeding to address fundamental access charge reform...

- **NYNEX demonstrated that there are a number of rule changes which should be implemented immediately as interim steps:**
 - **Volume and term discounts,**
 - **Zone pricing, and**
 - **Pricing differential for single line / multi line.**
- **Streamlined tariff filing requirements for all competitors with competitive services in competitive markets can be handled in the same interim fashion.**
- **The ultimate resolution of tariff filing requirements, as well as the other regulatory relief requested in the Expanded Interconnection Docket, should be dealt with in this proceeding as a long term goal.**

The evolution of competition in the LEC market is significantly different than what occurred in the interexchange market, warranting immediate streamlined tariff filing requirements for LEC services subject to competition...

- **Three major customers provide 88% of access demand.**
 - **AT&T, MCI, Sprint**
- **The high concentration of revenue.**
- **Largest access customers may be our greatest potential competitors.**
- **Other major differences are:**
 - **significant subsidy problem,**
 - **price umbrellas, and**
 - **low cost, high efficiency, technology in market niches.**

To promote equity and fair competition between "dominant" and "non-dominant" carriers in competitive markets, NYNEX proposes the Commission consider...

● Streamlined tariffing rules for all carriers and applied to all services subject to competition

- Presumption of Lawfulness

- 14 Day Tariff Review Process

- Equitable Cost Support

● Different tariff filing requirements may apply outside of competitive market areas.

NEW YORK TELEPHONE SERVICE-SPECIFIC COST STUDY

*** ANALYSIS SHOWS THAT THE SEPARATIONS AND ACCESS CHARGE RULES OVERALLOCATE COSTS TO THE INTERSTATE JURISDICTION IN GENERAL AND TO LOCAL TRANSPORT IN PARTICULAR TO SUPPORT UNIVERSAL SERVICE.**

*** THIS UNIVERSAL SERVICE SUPPORT (\$1B IN NYNEX) IS PRIMARILY FOUND IN:**

- LOCAL SWITCHING**
- LOCAL TRANSPORT**
- CARRIER COMMON LINE**

*** THERE ARE TWO PRIMARY SOLUTIONS TO CORRECT THE PROBLEM:**

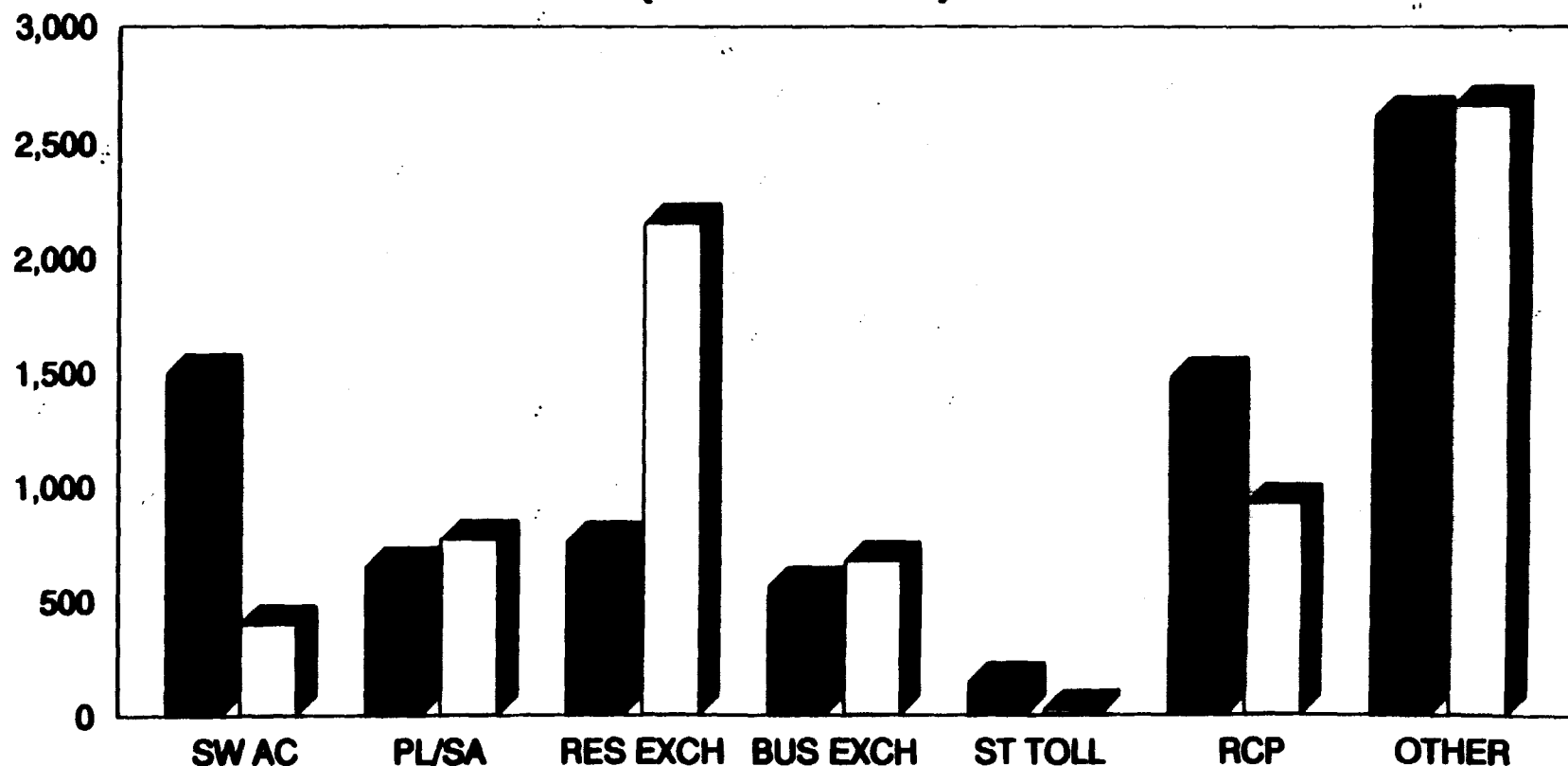
-THE DIFFICULT SOLUTION OF REWRITING THE PART 36 SEPARATIONS RULES TO SHIFT CONTRIBUTION TO THE STATE JURISDICTION.

-MODIFYING THE PART 69 ACCESS RULES TO SHIFT COST RECOVERY TO COMMON LINE RELATED CHARGES.

- END USER COMMON LINE CHARGES**
- PER-PRESUBSCRIBED LINE CHARGES**
- BULK BILLING CHARGES**

CHART I

TOTAL SERVICE SPECIFIC COST STUDY NEW YORK TELEPHONE (\$ MILLIONS)



1) EUCL REVENUES ARE INCLUDED IN RES EXCH, BUS EXCH & OTHER.

2) OTHER INCLUDES PAY TELEPHONE, INTERCEPT, OPERATOR SERVICES, B&C, INSIDE WIRE, ETC.

3) SWITCHED ACCESS INCLUDES CCL, TRANSPORT, AND THE TRAFFIC SENSITIVE PORTION OF SWITCHING.

4) COSTS INCLUDE AN ALLOCATION OF COMMON COSTS ON THE BASIS OF DIRECT COSTS.

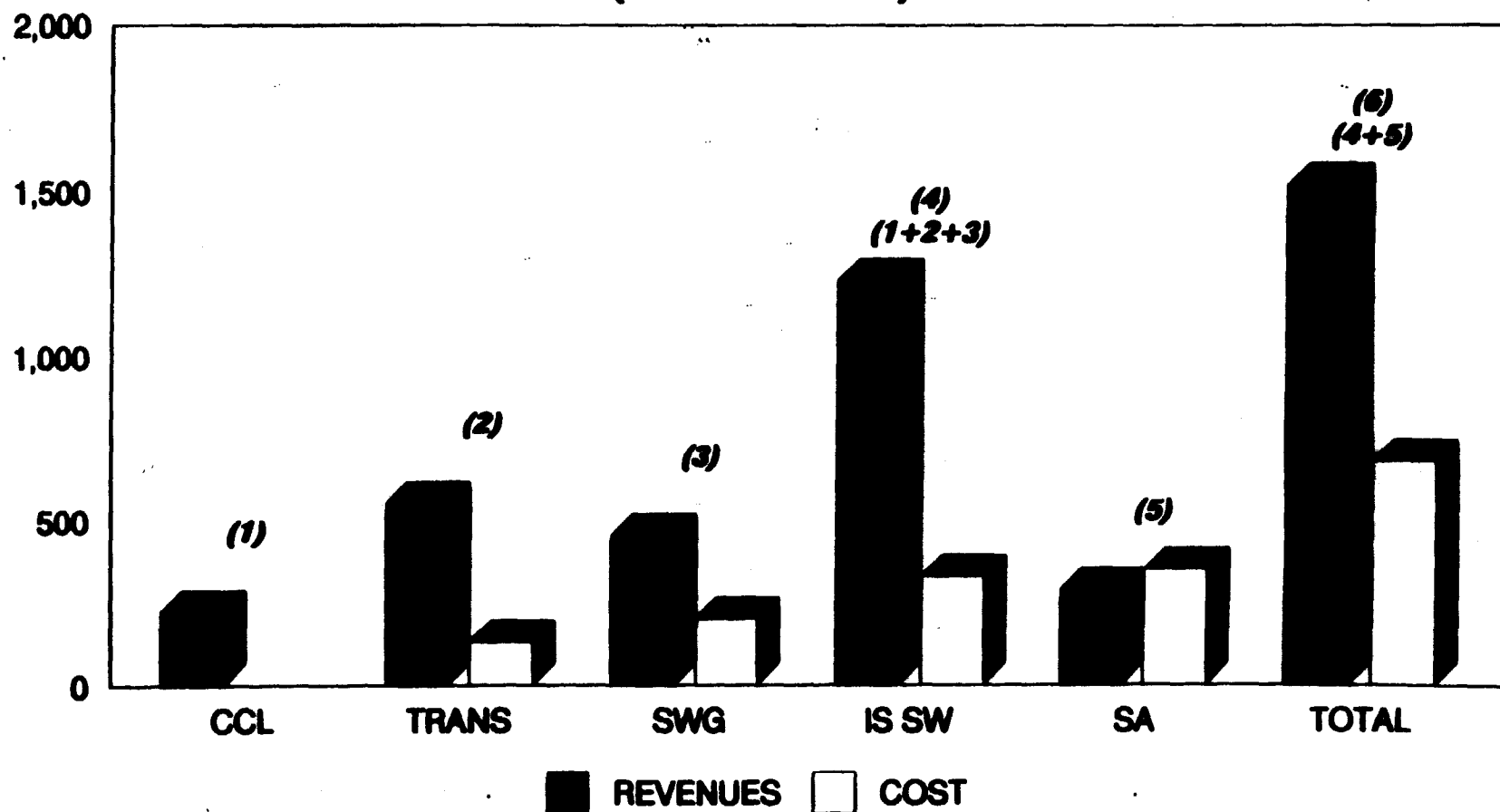
5) RES EXCH AND BUS EXCH INCLUDE LINK & PORT COSTS & REVENUES.

■ REVENUES □ COST

SW AC - SWITCHED ACCESS
PL/SA - PRIVATE LINES/SPECIAL ACCESS
RES EXCH - RESIDENCE EXCHANGE
BUS EXCH - BUSINESS EXCHANGE
RCP - REGIONAL CALL PLAN

CHART II

INTERSTATE ACCESS **SERVICE SPECIFIC COST STUDY - NEW YORK TELEPHONE** **(\$ MILLIONS)**



- 1) LOCAL SWITCHING COSTS INCLUDE ONLY THE TRAFFIC SENSITIVE PORTION OF SWITCHING.
- 2) IS SW = CCL, TRANS, SWG.
- 3) THE TRANS CATEGORY CONTAINS A FULL TANDEM SWITCH COMPONENT.

CCL - CARRIER COMMON LINE.
 TRANS - TRANSPORT.
 SWG - SWITCHING.
 SA - SPECIAL ACCESS.
 IS SW - CARRIER SWITCHED ACCESS.